



February 13, 2009

Co-Chair Thomas Colapietro
Co-Chair Jim Shapiro
Senator Kevin Witkos
Representative Penny Bacchiliochi

General Law Committee:

I am submitting testimony in **support of S.B. 318, AN ACT CONCERNING THE MINIMUM DELIVERY CAP FOR HEATING FUEL.**

The Independent Connecticut Petroleum Association (ICPA) represents 550 petroleum marketers and their associated business in Connecticut. ICPA members employ over 13,000 people in our state and provide our fellow citizens with gasoline and heating oil.

In the June 2008 Special Session the legislature reduced the minimum delivery of heating oil from 150 gallons to 100 gallons. The change in no way saved consumers money or reduced the amount of fuel used to heat homes and this bill attempts to fix that.

For example, if a home uses 1,000 gallons of heating oil per year and the oil dealer is required to deliver oil in 100 gallon increments, it would take 10 trips to deliver all of the fuel to that particular customer. The same 1,000 customer who receives deliveries of 150 gallons or more will only need approximately 6 deliveries, reducing the number of deliveries by 4 per year.

According to industry surveys, the cost to deliver one load of oil (regardless of the size of the delivery) is \$32.00. An additional 4 deliveries would cost consumers \$128 more per year or nearly 13 cents per gallon more based on our 1,000 gallon example.

The negative repercussions of lowering the minimum delivery from 150 gallons to 100 is increased labor costs (additional driver hours), increased cost of operating the delivery truck (diesel fuel, wear & tear, etc.), increased diesel emissions and increased traffic on our roads to name a few. These increases in costs can not be absorbed by the oil dealer and are passed through to consumers.

As the state attempts to become more efficient through budget cuts and consolidation of resources, they mandate, by law, to local family owned businesses a policy that does just the opposite by promoting inefficiency.

The states 573 heating oil dealers know how to keep their customers warm and the most efficient way to accomplish that. Mandating minimums that promote inefficiency serve no one.

ICPA asks that the General Law Committee **support S.B. 318, AN ACT CONCERNING THE MINIMUM DELIVERY CAP FOR HEATING FUEL.**

Respectfully,

Christian A. Herb
Associate Director